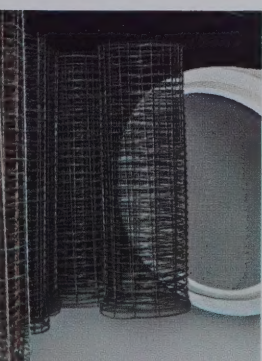
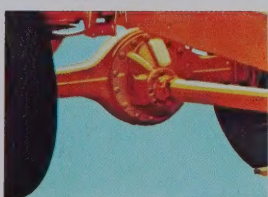
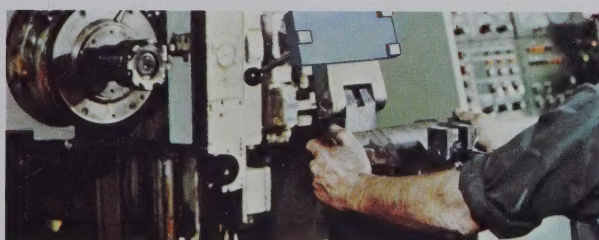
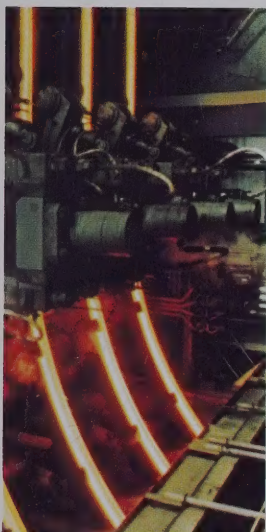


# IVACO INDUSTRIES LIMITED ANNUAL REPORT 1974





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AR17

IVACO LIMITÉE

FINALES

consolidés non-vérifiés

terminée le 30 juin 1974

e x mois  
le 30 juinPériode de trois mois  
terminée le 30 juin

1973	1974	1973
<u>38,173,825</u>	<u>\$43,299,059</u>	<u>\$22,033,101</u>
<u>30,864,963</u>	<u>31,029,724</u>	<u>17,927,978</u>
<u>970,328</u>	<u>764,355</u>	<u>537,616</u>
<u>427,677</u>	<u>306,570</u>	<u>218,761</u>
<u>32,262,968</u>	<u>32,100,649</u>	<u>18,684,355</u>
<u>—</u>	<u>150,528</u>	<u>—</u>
<u>32,262,968</u>	<u>31,950,121</u>	<u>18,684,355</u>
<u>5,910,857</u>	<u>11,348,938</u>	<u>3,348,746</u>
<u>2,497,875</u>	<u>5,095,879</u>	<u>1,400,969</u>
<u>115,229</u>	<u>192,166</u>	<u>78,935</u>
<u>2,613,104</u>	<u>5,288,045</u>	<u>1,479,904</u>
<u>3,297,753</u>	<u>\$ 6,060,893</u>	<u>\$ 1,868,842</u>
<u>\$0.42</u>	<u>\$0.72</u>	<u>\$0.24</u>

et Série B avaient été converties en actions ordinaires et  
actions avaient été émises, ce qui n'est pas le cas, le bénéfice  
de \$0.40 en 1973.

Living Company Ltd. (qui a été acquise le 1er juin 1973 aux  
donnés pour comparaison, le bénéfice net par action ordi-  
le \$0.23 pour la période de trois mois de 1973.

de 2 pour 1, le 3 juillet 1973. Le bénéfice net par action



# Interim Report to Shareholders for the Six Months ended June 30, 1974

*Let* **2**

IVACO INDUSTRIES LIMITED

800 OUELLETTE STREET

MARIEVILLE, QUEBEC



**Rapport Intérimaire  
aux  
Actionnaires  
pour  
les six mois  
se terminant  
le 30 juin 1974**

**2**

**LES INDUSTRIES IVACO LIMITÉE**

800 RUE OUELLETTE  
MARIEVILLE, QUÉBEC

**LES INDUSTRIES**

**ET SES**

**Résumé des résultats  
pour la période de six mo**

	Période terminée <u>1974</u>
Ventes nettes .....	\$79,400,458
Coûts et frais à l'exclusion des postes ci-dessous .....	57,880,490
Amortissements .....	1,566,580
Intérêt sur dettes à long terme. ....	742,748
	<u>60,189,820</u>
Revenus de placements .....	150,520
	<u>60,039,290</u>
Bénéfices avant impôts sur le revenu et intérêts minoritaires ...	19,361,160
Provision pour impôts sur le revenu.	8,579,070
Intérêts minoritaires dans des filiales .....	347,680
	<u>8,926,750</u>
Bénéfice net. ....	<u>\$10,434,400</u>
 BÉNÉFICE NET PAR ACTION ORDINAIRE (Notes) .....	 <u>\$1.20</u>

NOTE 1: Si au 30 juin 1974, les actions privilégiées et les actions ordinaires relatives à l'exercice des options si net dilué par action ordinaire aurait été de \$1.12 en 1974 e

NOTE 2: Si les résultats consolidés de The Niagara Wir fins de la consolidation) étaient inclus dans les chiffres d naire pour la période de six mois de 1973 aurait été de \$0.3

NOTE 3: Les actions ordinaires ont été fractionnées à a ordinaire reflète ce fractionnement.

Le 6 août 1974.



# FINANCIAL HIGHLIGHTS



	1974	1973*
SALES	\$150,734,000	\$90,183,000
NET EARNINGS	\$ 20,438,000	\$ 8,084,000
NET EARNINGS PER COMMON SHARE	\$2.37	\$0.98
EXPENDITURE FOR PLANT AND EQUIPMENT	\$ 32,360,000	\$14,619,000

\*Results of The Niagara Weaving Company, Limited are included only from date of consolidation, June 1, 1973.

# Officers

ISIN IVANIER,  
President

PAUL IVANIER,  
Executive Vice-President  
and Secretary-Treasurer

SYDNEY IVANIER,  
Vice-President

MICHAEL HERLING,  
Vice-President

JACK KLEIN,  
Vice-President

HEAD OFFICE:  
800 Ouellette Street, Marieville, Quebec

TRANSFER AGENT AND REGISTRAR:  
The Royal Trust Company in Montreal,  
Toronto, Calgary, Vancouver and Halifax

AUDITORS:  
Touche Ross & Co., Montreal, Quebec

LEGAL COUNSEL:  
Byers, Casgrain & Stewart, Montreal, Quebec

SHARES LISTED:  
Montreal Stock Exchange and Toronto  
Stock Exchange

## Manufacturing Plants:

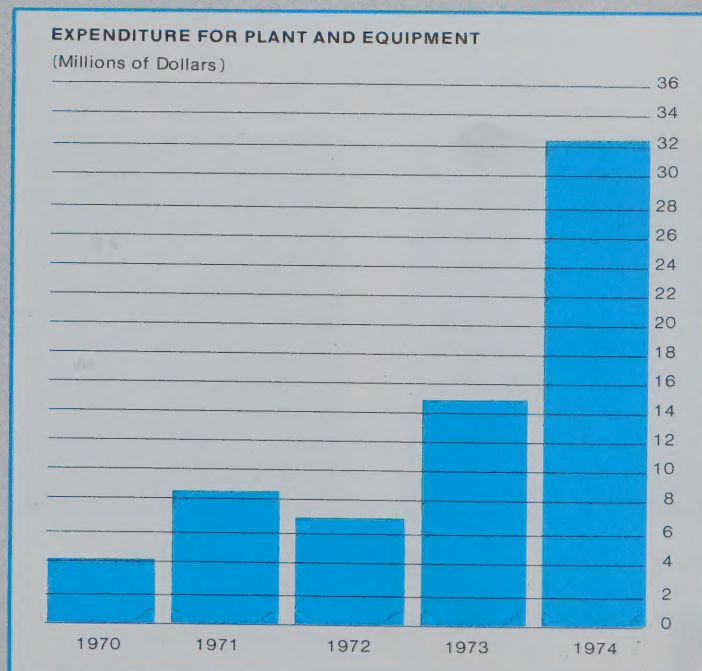
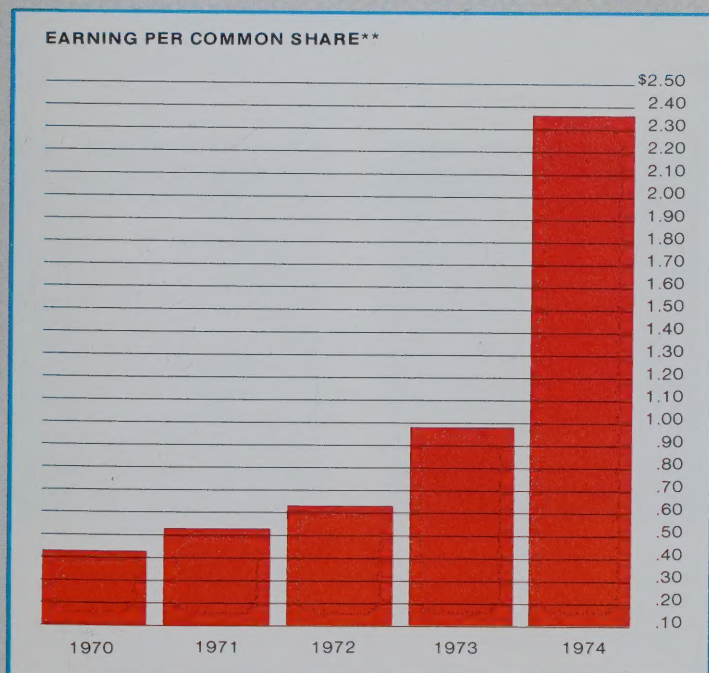
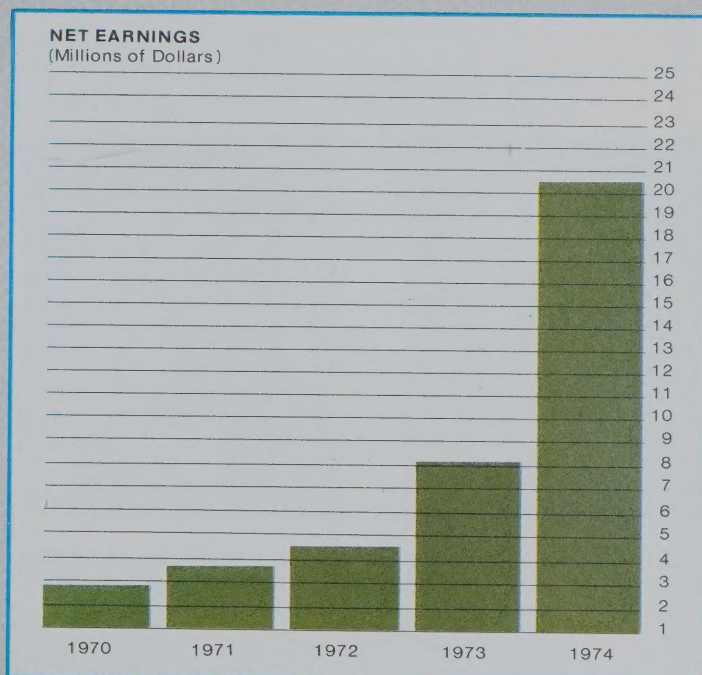
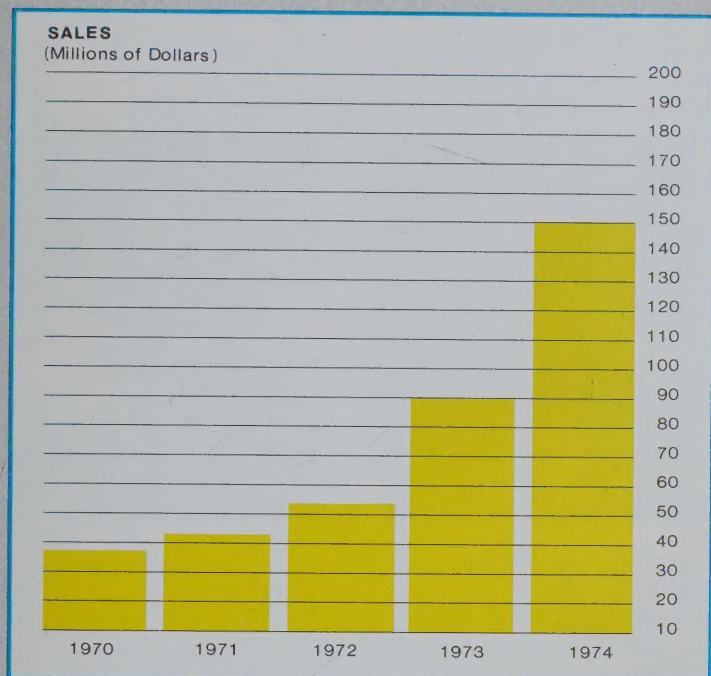
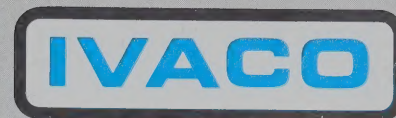
Eastern Steelcasting.....	L'Original, Ontario
Flylo Corporation Ltd.....	Ingersoll, Ontario
Industrial Fasteners Ltd.....	Marieville, Quebec
Ingersoll Fasteners.....	Ingersoll, Ontario
Ingersoll Machine and Tool Company Ltd.....	Ingersoll, Ontario
Ivaco Rolling Mills.....	L'Original, Ontario
New York Wire Mills Corp.....	Buffalo, New York
Niagara V ires Inc.....	Quincy, Florida
Quebec V ires Ltd.....	Trois Rivières, Quebec
Sivaco Wire & Nail Company.....	Marieville, Quebec
Sivaco Maritimes Ltd.....	Dartmouth, Nova Scotia
Sivaco Ontario Ltd.....	Ingersoll, Ontario
The Morrow Screw and Nut Company Ltd.....	Ingersoll, Ontario
Virginia Wire and Fabric.....	Warrenton, Virginia

## Warehouses and Sales Offices:

St. John's, Newfoundland  
Moncton, New Brunswick  
Toronto, Ontario  
Niagara Falls, Ontario  
Winnipeg, Manitoba  
Calgary, Alberta  
Olympia, Washington  
Vancouver (Burnaby), British Columbia



# growth at a glance\*

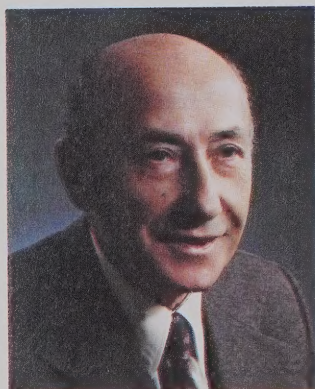


\*Representing on a retroactive basis the results of all subsidiaries excepting The Niagara Wire Weaving Company, Limited for which results are included from date of consolidation, June 1, 1973.

\*\*Reflects retroactively the two-for-one stock split on July 3, 1973.



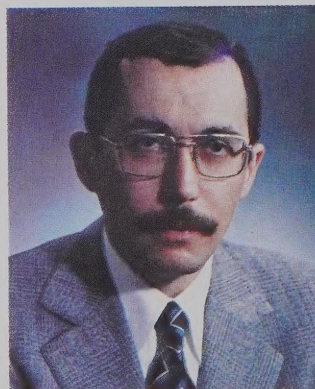
# Board of Directors



ISIN IVANIER,  
President,  
Ivaco Industries Limited



PAUL IVANIER,  
Executive Vice-President,  
Ivaco Industries Limited



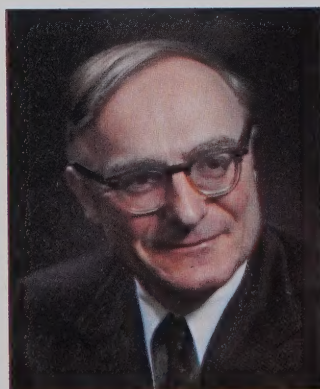
SYDNEY IVANIER,  
Vice-President,  
Ivaco Industries Limited



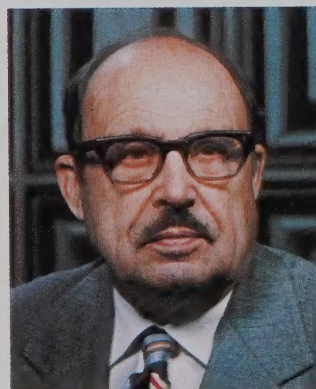
MICHAEL HERLING,  
Vice-President,  
Ivaco Industries Limited



JACK KLEIN,  
Vice-President,  
Ivaco Industries Limited



JOHN LOVERIDGE,  
President,  
Ingersoll Machine and  
Tool Company, Limited



EDWARD J. BUELL,  
Chairman,  
The Niagara Wire Weaving  
Company, Limited



ALAN S. GORDON,  
Consultant,  
Merrill Lynch,  
Royal Securities Limited





## To our Shareholders:

March 13, 1975

1974 was by far the best year in your company's history. In addition to record performance in sales and earnings, Ivaco has further strengthened its base through internal growth during 1974.

- Sales were \$150.7 million up from \$90.1 million in 1973.
- Net earnings were \$20,438,000 up from \$8,084,000 in 1973.
- Net earnings per common share were \$2.37 up from 98 cents in 1973.

The record 1974 results are attributed to a combination of increased market demand for our products that existed throughout the year, combined with the substantial new productive capacity that came on stream within several of the company's subsidiaries.

The new Ingersoll Fasteners plant at Ingersoll, Ontario was completed ahead of schedule and began manufacturing operations during the last quarter of 1974.

Construction of Ivaco's melt and continuous steel casting billet plant at L'Original, Ontario is nearing completion and trial start up is expected next month. Substantial contributions to earnings are expected from this source once the steel casting plant is in full operation.

The expansion of our rolling mill at L'Original, Ontario with the addition of a no-twist high speed finishing mill is proceeding on schedule. Start up is expected during the third quarter of 1975 and when in full production will bring rated capacity to more than 400,000 tons of wire rod per year.

Equipment for the production of wire and welded wire fabric that was originally planned for our wire mill at Quincy, Florida has been installed and is now operational at our Virginia Wire and Fabric plant in Warrenton, Virginia. The plant area allocated for the Quincy wire mill will be utilized for Foundrinier operations.

Installation of a nail production line at Warrenton, Virginia is expected to be completed during the second half of this year.

Despite expenditures for plant and equipment of \$32.4 million during 1974, working capital increased during the year by \$12.4 million and stands as of December 31, 1974 at \$30.8 million.

During the year Ivaco increased its investment in Laclede Steel Company of St. Louis, Missouri and at year end held 299,980 shares equal to 18.2% of Laclede's outstanding shares. The present market value (based on stock closing prices March 10, 1975) of Ivaco's investment in Laclede exceeds its cost by \$5.2 million.

In September 1974 the Board of Directors of your company declared payment of a first dividend to common shareholders. In addition the Directors have decided to institute a policy of paying dividends on common shares quarterly in the months of February, May, August and November of each year. In setting the dividend policy we have recognized the need to provide for a return on equity for common shareholders. Nevertheless, the primary objective of Ivaco will be directed to continued expansion and growth.

In looking towards 1975 in light of the prevailing economic conditions in North America and elsewhere, we feel it would be difficult to surpass the record results achieved by Ivaco during 1974. This could, of course, change rapidly depending on how early in the second half of 1975 the expected economic recovery occurs. We anticipate, however, that 1975 will be a good year for Ivaco Industries Limited.

Although sales during the first half of 1975 are expected to be lower than the record sales levels achieved during the first half of last year, we are hopeful that these will be more than made up during the second half of the year.

Respectfully submitted on behalf of the Board of Directors.

PAUL IVANIER  
Executive Vice-President

ISIN IVANIER  
President

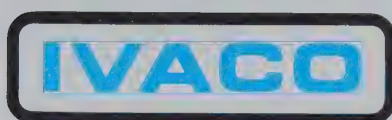


IVACO INDUSTRIES LIMITED  
AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF EARNINGS  
FOR THE YEAR ENDED DECEMBER 31, 1974

	1974	1973
Net sales	<u>\$150,734,000</u>	<u>\$90,183,000</u>
Costs and expenses exclusive of items listed below	109,353,000	72,577,000
Depreciation	2,921,000	2,131,000
Amortization	333,000	242,000
Interest on long term liabilities	1,872,000	1,078,000
Gain on disposal of fixed assets	<u>(465,000)</u>	<u>(29,000)</u>
	114,014,000	75,999,000
Investment income	918,000	—
	<u>113,096,000</u>	<u>75,999,000</u>
Earnings before income taxes	<u>37,638,000</u>	<u>14,184,000</u>
Provision for income taxes:		
Current	10,074,000	2,999,000
Deferred	6,463,000	2,781,000
	<u>16,537,000</u>	<u>5,780,000</u>
Net earnings before minority interests	21,101,000	8,404,000
Minority interests	663,000	320,000
Net earnings	<u>\$ 20,438,000</u>	<u>\$ 8,084,000</u>
Net earnings per common share (Note 5)	<u>\$2.37</u>	<u>\$0.98</u>





IVACO INDUSTRIES LIMITED  
AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION  
FOR THE YEAR ENDED DECEMBER 31, 1974

	1974	1973
WORKING CAPITAL, JANUARY 1	\$18,404,000	\$13,111,000
<b>SOURCE OF FUNDS</b>		
Net earnings before minority interests	21,101,000	8,404,000
Charges to earnings not requiring the current outlay of funds		
Depreciation and amortization	3,254,000	2,373,000
Deferred income taxes	6,388,000	2,319,000
Gain on disposal of fixed assets	(465,000)	(29,000)
Funds from operations	30,278,000	13,067,000
Issue of capital stock (Note 5) —		
On conversion of preferred shares	2,844,000	467,000
Other	331,000	138,000
Increase in long term liabilities	11,288,000	3,768,000
Government grants on account of capital expenditures	240,000	807,000
Other items	223,000	(797,000)
	<u>45,204,000</u>	<u>17,450,000</u>
<b>APPLICATION OF FUNDS</b>		
Addition to fixed assets	32,360,000	14,619,000
Less: Reduction in cash held for investment in fixed assets	(4,500,000)	—
	<u>27,860,000</u>	<u>14,619,000</u>
Conversion of preferred shares into common shares	2,844,000	467,000
Increase of equity in subsidiary companies	305,000	251,000
Dividends —		
Preferred	410,000	355,000
Common	1,323,000	—
	<u>32,742,000</u>	<u>15,692,000</u>
INCREASE IN WORKING CAPITAL	12,462,000	1,758,000
Add: Working capital of The Niagara Wire Weaving Company, Limited at June 1, 1973	—	3,535,000
WORKING CAPITAL, DECEMBER 31	<u>\$30,866,000</u>	<u>\$18,404,000</u>



IVACO INDUSTRIES LIMITED  
AND SUBSIDIARY COMPANIES

## ASSETS

	1974	1973
<b>CURRENT:</b>		
Cash and certificates of deposit	\$ 13,011,000	\$ 1,247,000
Marketable securities — at cost (market value 1974 - \$7,870,000; 1973 - \$1,032,000)	6,045,000	1,141,000
Accounts receivable	16,695,000	16,050,000
Inventories (Note 2)	40,472,000	24,918,000
Prepaid expenses	554,000	692,000
	<u>76,777,000</u>	<u>44,048,000</u>
<b>FIXED:</b>		
Land	1,098,000	1,049,000
Buildings	16,445,000	12,917,000
Machinery and equipment	58,092,000	44,530,000
	<u>75,635,000</u>	<u>58,496,000</u>
Less: Accumulated depreciation	17,887,000	17,056,000
	<u>57,748,000</u>	<u>41,440,000</u>
Construction in progress	18,940,000	5,344,000
Cash held for investment in fixed assets	—	4,500,000
	<u>76,688,000</u>	<u>51,284,000</u>
<b>OTHER ASSETS:</b>		
Investment — at equity	1,826,000	1,718,000
Cost of investments in subsidiary companies in excess of net assets at dates of acquisition, less amortization	3,658,000	3,732,000
Sundry assets (Note 3)	1,482,000	2,135,000
	<u>6,966,000</u>	<u>7,585,000</u>
<b>ON BEHALF OF THE BOARD:</b>		
ISIN IVANIER, Director		
PAUL IVANIER, Director	<u>\$160,431,000</u>	<u>\$102,917,000</u>

### AUDITORS' REPORT TO THE SHAREHOLDERS OF IVACO INDUSTRIES LIMITED.

We have examined the consolidated balance sheet of Ivaco Industries Limited and its subsidiary companies as at December 31, 1974 and the consolidated statements of earnings, retained earnings, contributed surplus and changes in financial position for the year then ended. For Ivaco Industries Limited and those subsidiaries of which we are the auditors, our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances. With respect to those subsidiaries of which we are



# CONSOLIDATED BALANCE SHEET

AS AT DECEMBER 31, 1974

## LIABILITIES

	1974	1973
CURRENT:		
Bank indebtedness — partly secured	\$ 8,318,000	\$ 10,706,000
Accounts payable and accrued liabilities		
Trade	24,741,000	10,491,000
Directors	368,000	229,000
Taxes payable	6,873,000	1,400,000
Current portion of deferred income taxes	537,000	462,000
Dividends payable	83,000	124,000
Current portion of long term liabilities	4,991,000	2,232,000
	<u>45,911,000</u>	<u>25,644,000</u>
LONG TERM LIABILITIES (Note 4)	<u>29,846,000</u>	<u>18,558,000</u>
DEFERRED INCOME TAXES	<u>14,718,000</u>	<u>8,330,000</u>
MINORITY INTERESTS:		
Preferred shares	137,000	137,000
Common share equity	2,476,000	2,181,000
	<u>2,613,000</u>	<u>2,318,000</u>

## SHAREHOLDERS' EQUITY

CAPITAL STOCK (Note 5)	24,129,000	23,798,000
CONTRIBUTED SURPLUS	2,500,000	2,260,000
RETAINED EARNINGS	40,714,000	22,009,000
	<u>67,343,000</u>	<u>48,067,000</u>
	<u>\$160,431,000</u>	<u>\$102,917,000</u>

not the auditors, we have carried out such inquiries and examinations as we considered necessary in order to accept, for purposes of consolidation, the reports of the other auditors.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1974 and the results of their operations and the changes in their financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Montreal, Quebec.  
March 7, 1975.

TOUCHE ROSS & CO.  
Chartered Accountants.



IVACO INDUSTRIES LIMITED  
AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF RETAINED EARNINGS  
FOR THE YEAR ENDED DECEMBER 31, 1974

	<u>1974</u>	<u>1973</u>
Balance, January 1	\$22,009,000	\$14,280,000
Add: Net earnings	<u>20,438,000</u>	<u>8,084,000</u>
	<u>42,447,000</u>	<u>22,364,000</u>
Deduct:		
Dividends - preferred	410,000	355,000
- common	<u>1,323,000</u>	<u>—</u>
	<u>1,733,000</u>	<u>355,000</u>
Balance, December 31	<u>\$40,714,000</u>	<u>\$22,009,000</u>

CONSOLIDATED STATEMENT OF CONTRIBUTED SURPLUS  
FOR THE YEAR ENDED DECEMBER 31, 1974

	<u>1974</u>	<u>1973</u>
Balance, January 1	\$ 2,260,000	\$ 1,371,000
Add: Government grants on account of capital expenditures	<u>240,000</u>	<u>889,000</u>
Balance, December 31	<u>\$ 2,500,000</u>	<u>\$ 2,260,000</u>



# notes to consolidated financial statements

## december 31, 1974

### 1. Summary of Significant Accounting Policies

The company follows generally accepted accounting principles in the preparation of its consolidated financial statements and their application is consistent with that of the preceding year.

#### Basis of Consolidation:

Ivaco Industries Limited is incorporated under the laws of Canada. These consolidated financial statements include the accounts of all subsidiary companies, with provision for the interests of minority shareholders. The cost of the investments in subsidiary companies in excess of the net assets at the dates of acquisition is being amortized on a straight-line basis over a 40 year period. All material inter-company transactions have been eliminated.

The 30.8% interest by a subsidiary company in the Niagara International Centre Limited is accounted for on the equity basis.

The 1973 comparative figures include the results of operations of The Niagara Wire Weaving Company, Limited from June 1, 1973, its effective date of acquisition.

#### Foreign Exchange:

Assets and liabilities in foreign currencies are translated into Canadian dollars at exchange rates prevailing at the balance sheet date for working capital items and at approximate exchange rates prevailing at the transaction dates for non-current assets and liabilities. Income and expenses other than depreciation are translated at average exchange rates prevailing during the year, depreciation is translated at historic exchange rates.

#### Marketable Securities:

Marketable securities are valued at cost and when they are sold, the resulting gain or loss is included in net earnings.

#### Inventory Valuation:

Inventories are carried at the lower of cost and net realizable value. Adequate provision is made for slow-moving and obsolete inventories.

#### Fixed Assets and Depreciation:

Fixed assets are stated at cost. Depreciation, based on the useful life of the assets, is computed on the straight-line method by application of rates varying from 2½% to 30% on individual classes of tangible depreciable property.

When fixed assets are disposed of, the cost of the asset and the related accumulated depreciation are removed from the accounts and the resulting gain or loss on disposal is included in net earnings.

### 2. Inventories

Inventories consist of:	1974	1973
Finished products .....	\$ 9,568,000	\$ 7,328,000
Work in process .....	4,913,000	3,859,000
Raw materials and supplies ..	25,991,000	13,731,000
	<u>\$40,472,000</u>	<u>\$24,918,000</u>

### 3. Sundry Assets

Particulars of sundry assets are:	1974	1973
Deferred pre-production expenses, less amortization. . .	\$ 742,000	\$ 814,000
Deferred financing and organization expenses, less amortization .....	165,000	177,000
Investments .....	21,000	365,000
Patents and licenses, less amortization .....	269,000	300,000
Grants receivable .....	257,000	141,000
Other items .....	28,000	338,000
	<u>\$ 1,482,000</u>	<u>\$ 2,135,000</u>

### 4. Long Term Liabilities

Particulars of long term liabilities are:

	1974	1973
First Mortgage Sinking Fund Bonds and Debentures		
—6½% and 8%, repaid during 1974 .....	\$ —	\$ 581,000
—9¼%, payable in annual instalments from 1975 to 1987 .....	4,500,000	4,500,000
—9½%, payable in annual instalments from 1976 to 1989 .....	4,500,000	—
—9½%, payable in monthly instalments to 1993 .....	1,063,000	870,000
—10½%, payable in annual instalments to 1985 .....	1,200,000	1,300,000
Mortgages, interest rates varying from 7% to prime + ½%, payable in varying instalments to 1994 .....	1,561,000	1,368,000
Deferred accounts and notes payable arising from purchase of machinery and equipment, interest rates varying from 5¼% to prime + 3%, payable in varying instalments to 1980 ..	6,716,000	2,365,000
Bank loan, secured by marketable securities, interest at 12.3% (which is a fluctuating rate of 117.5% of prime interest) payable in equal annual instalments to 1981 .....	4,898,000	—
Bank loans, partly secured by accounts receivable and inventories		
—Interest rate at ¾% above prime rate, payable in annual instalments to 1979 .....	3,000,000	3,000,000
—Interest rates varying to 2% above prime rate, payable in varying instalments to 1980 ..	3,752,000	3,310,000
Bank loan, secured by accounts receivable, inventories and equipment, interest rate at 1½% above prime rate, payable in quarterly instalments of \$100,000 to March 1981 and the balance due June 1981 ...	2,992,000	2,458,000
Non-interest bearing advances from the Government of Canada, payable in 1975 ....	25,000	50,000
10½% Loan from directors, payable in equal quarterly instalments to 1977 .....	540,000	780,000
Forgiveable Loan — Ontario Development Corporation ....	90,000	100,000
Non-interest bearing loans from directors, repaid during 1974 .....	—	108,000
	<u>34,837,000</u>	<u>20,790,000</u>
Less: Instalments due within one year included in current liabilities .....	4,991,000	2,232,000
	<u>\$29,846,000</u>	<u>\$18,558,000</u>

#### 4. Long Term Liabilities (continued)

The aggregate amounts of payments due in the years ending December 31, 1976, 1977, 1978 and 1979, are \$5,296,000, \$4,694,000, \$4,404,000 and \$3,935,000 respectively.

#### 5. Capital Stock

##### (a) Particulars of the capital stock are:

	1974	1973
Common shares, no par value:		
Authorized — 12,000,000 shares; issued and outstanding — 8,889,498 shares (1973 — 8,297,672 shares) .....	\$19,417,000	\$16,334,000
Preferred 6% cumulative, convertible shares, par value \$50 each:		
Authorized — 600,000 shares of which 80,000 have been designated as Series A and 120,000 designated as Series B		
Issued —		
Series A — 80,000 non voting shares; outstanding after exercise of conversion rights — 5,300 shares (1973 — 62,000 shares) .....	265,000	3,100,000
Series B — 89,460 voting shares; outstanding after exercise of conversion rights — 88,946 shares (1973 — 87,286 shares) .....	4,447,000	4,364,000
	<u>\$24,129,000</u>	<u>\$23,798,000</u>

By-Law 12 sanctioned by the shareholders on January 23, 1975 and confirmed by supplementary letters patent on the same date provides for:

- The designation of the 12,000,000 common shares without nominal or par value as Class A common shares, and
- The increase of the authorized capital by the creation of 12,000,000 Class B common shares without nominal or par value.

Series A preferred shares are redeemable after May 1, 1976 at the redemption price of 106% of the par value and are convertible into fully paid and non-assessable common shares on the following bases:

- Prior to April 30, 1978 eight common shares for each preferred share.
- After April 30, 1978 and prior to April 30, 1981 six and two-thirds common shares for each preferred share.

Series B preferred shares are redeemable after November 1, 1978 at the redemption price of 106% of the par value and are convertible into fully paid and non-assessable common shares on the following bases:

- Prior to November 30, 1976 four common shares for each preferred share.
- After November 30, 1976 and prior to March 31, 1980 three and one-third common shares for each preferred share.

(iii) After March 31, 1980 and prior to July 31, 1983 two and one-half common shares for each preferred share.

During the year 591,826 common shares and 1,840 Series B preferred shares were issued as follows:

- 5,700 common shares were issued for \$46,000 pursuant to the stock option plan.
- 18,406 common shares and 1,840 Series B preferred shares were issued for \$285,000 pursuant to the acquisition of additional equity of The Niagara Wire Weaving Company, Limited.
- 567,000 common shares were issued for \$2,835,000 upon conversion of 56,700 Series A preferred shares.
- 720 common shares were issued for \$9,000 upon conversion of 180 Series B preferred shares.

(b) Under a stock option plan dated May 26, 1970, as amended, providing for the issuance of common shares to key executives and employees at a price equal to not less than 90% of the trading price of the shares on the day preceding the granting of such options, the following stock options have been exercised:

	OPTION PRICE			TOTAL OPTIONS
	\$4.09	\$8.42	\$10.35	
Options outstanding as at January 1, 1974 ..	500	14,200	—	14,700
Options granted during the year. . .	—	—	62,400	62,400
Options exercised during the year	(500)	(5,200)	—	(5,700)
Options outstanding at December 31, 1974 .	—	9,000	62,400	71,400

Under the plan an additional 4,400 common shares (1973 — 41,800) are reserved for issuance.

(c) The net earnings per common share of \$2.37 in 1974 and \$0.98 in 1973 have been calculated based on the average number of common shares outstanding during the year. If the outstanding convertible preferred shares had been converted into common shares and the common shares relating to the outstanding stock options had been issued and outstanding for the 1974 year, fully diluted net earnings per common share would have been \$2.28 for the year.

If the results of operations of The Niagara Wire Weaving Company, Limited for the period from January 1, 1973 to May 31, 1973 were included in the 1973 comparative figures, which was not the case, net earnings per common share for 1973 would have remained unchanged at \$0.98.

#### 6. Directors' and Officers' Remuneration

The number of directors of the company was 8 (8 in 1973) and they received no remuneration as directors (none in 1973).

The number of officers of the company was 5 (5 in 1973). Their remuneration as officers of the company and its subsidiaries was:

from Sivaco Wire & Nail Company' .....	\$271,000 (\$229,000 in 1973)
from Industrial Fasteners Ltd. ....	\$190,000 (\$190,000 in 1973)

The number of officers who were also directors of the company was 5 (5 in 1973).





## The Ivaco Group of Companies

An introduction to some  
of our products  
and their uses.

*The following pages highlight  
some of the manufacturing processes  
employed by your Company and the  
products that come from them.*

## Basic Steel

Basic Steel is the latest addition to the process of vertical integration by the Ivaco Group. With start-up of the melt and continuous casting plant expected in April 1975, the plant will have a rated annual capacity of 275,000 tons of billets. These billets will then be rolled into wire rod at Ivaco's rolling mill, also located at L'Orignal, Ontario.



*Steel billets in storage. ▲*

## Wire Rod

Wire rod is a basic raw material for most members of the Ivaco Group. The company's own rolling mill produces wire rod which in turn is used by many of our subsidiaries for the production of wire, fasteners, nails, wire fabric and other wire products.

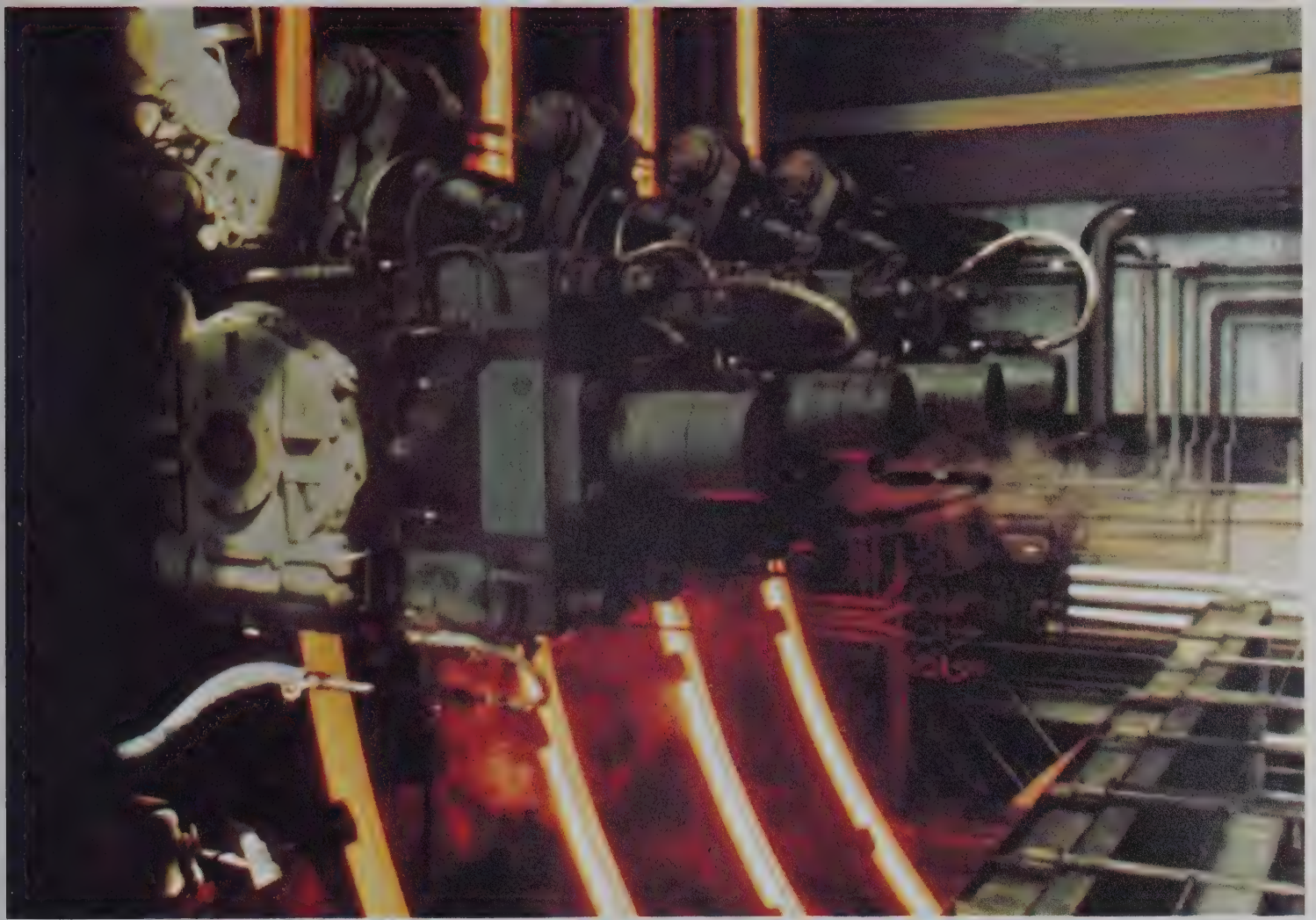


*Hot wire rods are control cooled after rolling. ▲*

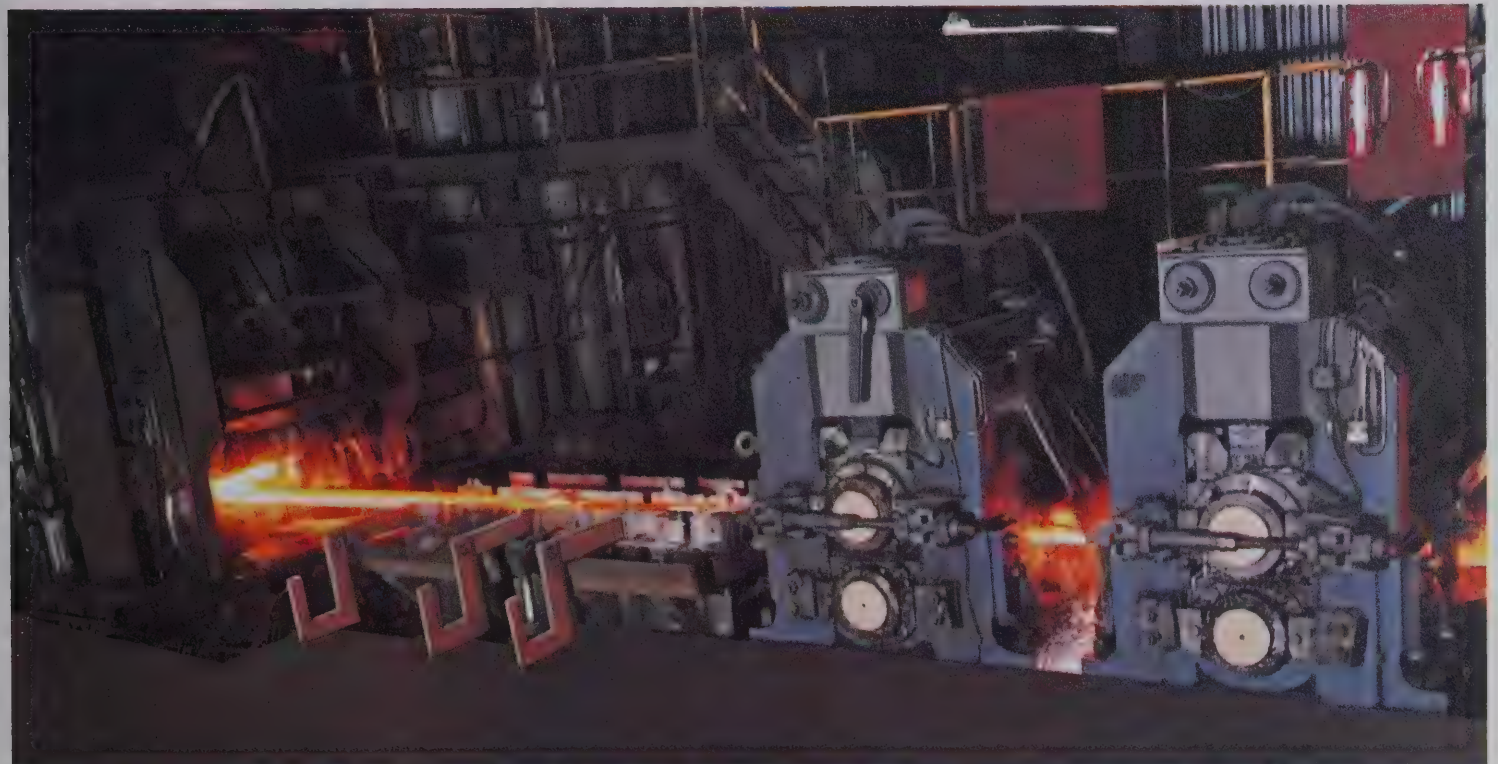


*Finished wire rods ready for shipment. ▲*





*Four strand continuous casting unit for the production of billets. ▲*

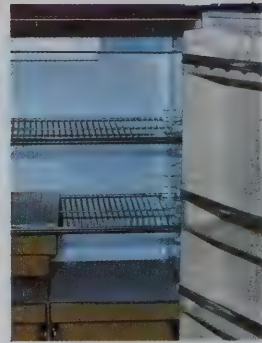


*Hot billets begin rolling process in rod mill. ▲*



# Wire and Wire Products

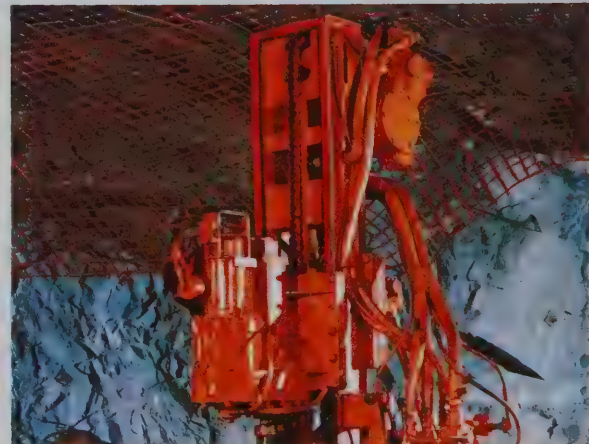
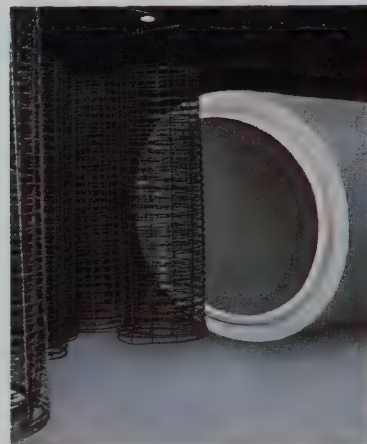
Wire is manufactured by your company in hundreds of different diameters and qualities and with finishes that include bright, galvanized and plastic coatings. It is consumed in massive quantities by a host of industries — automotive, appliances, furniture, construction, mining, and farming — to name a few.



*Wire is a basic material for a multitude of manufactured products — such as these. ▶*

## Welded Wire Fabric

Welded Wire Fabric is used as a reinforcing material in concrete highways, buildings and structures, and in concrete sewer and culvert pipes. It is also used in airport runways and in mines for protection from falling rock and has many other uses.



*Welded wire fabric in various uses. ▲*





Galvanized wire in final coiling process. ▲



Wire being produced at high speed on multiple wire drawing units. ▲



High speed automated production of welded wire fabric. ▲



Welded wire fabric in sheet form. ▲



## Fencing and Barbed Wire

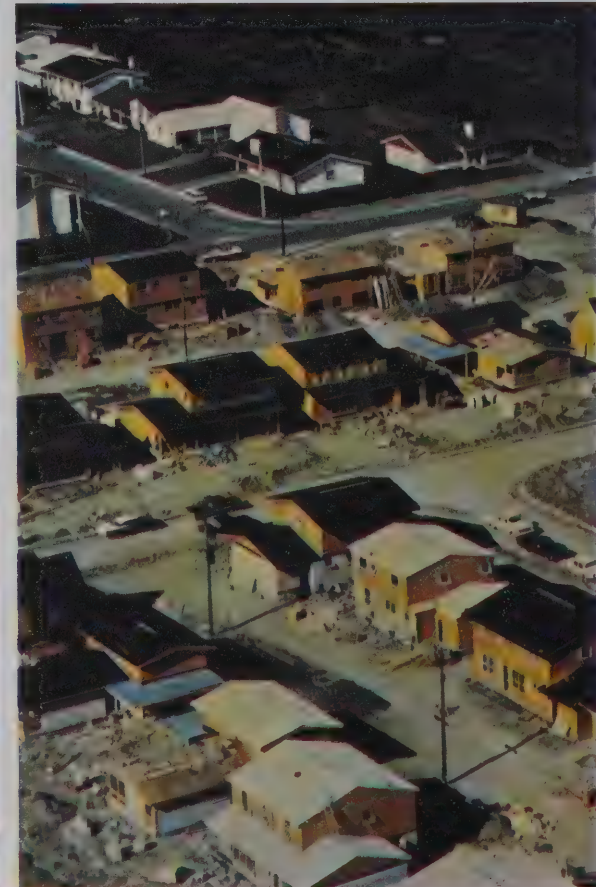
Fencing and barbed wire are fast growing products. Ivaco produces a wide variety of fencing in galvanized and plastic coated finishes for residential, industrial and farm use.



*Ivaco fencing and barbed wire.▲*

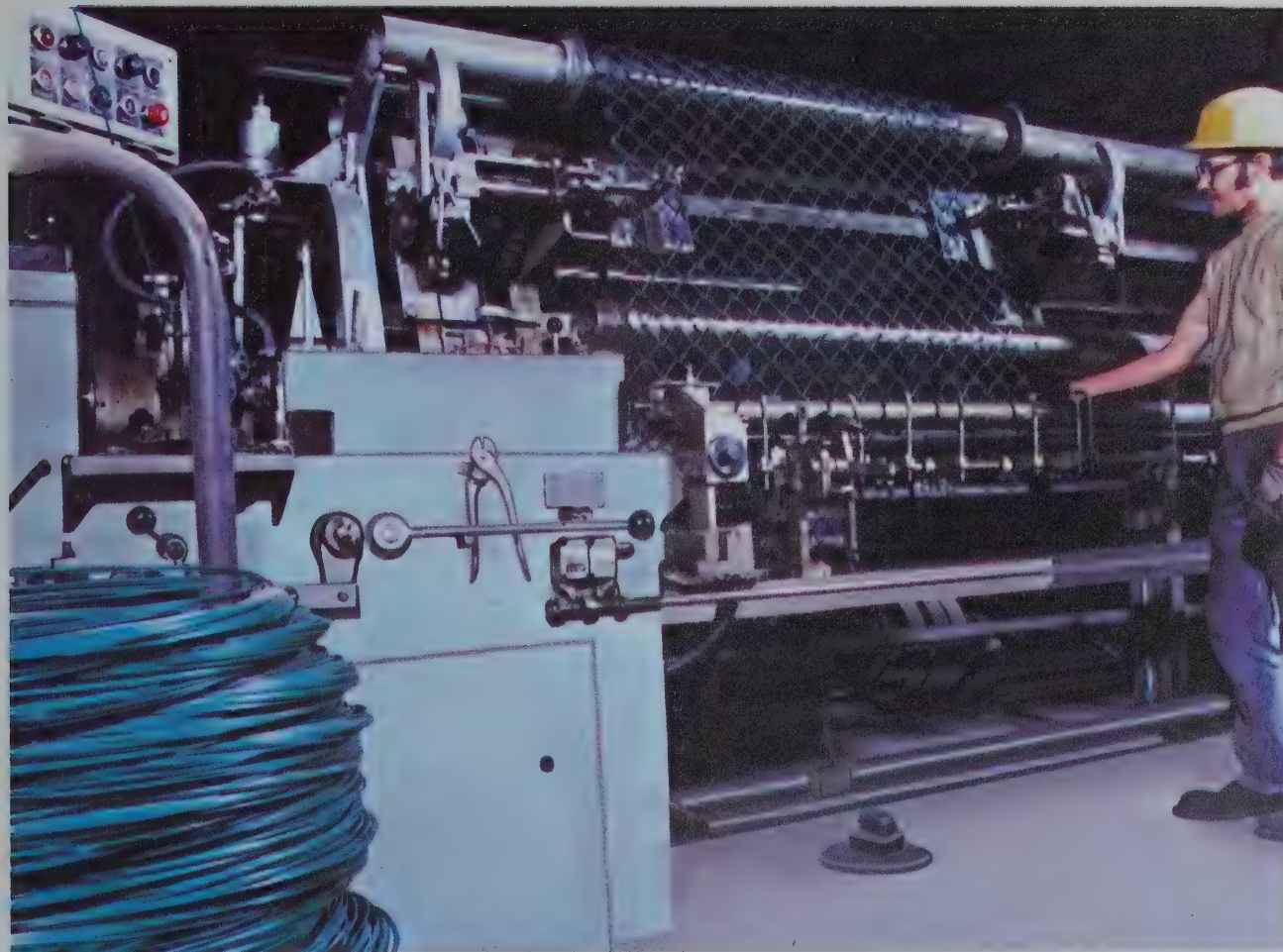
## Nails

Nails are as basic to construction and maintenance as wood itself. Your company produces nails in virtually every size and shape conceivable.



*Nails are an important part of everyday life.▲*





*Plastic coated wire fencing in automated production. ▲*



*Nails being produced on fully automated high speed equipment. ▲*



# Fasteners

Your company produces fasteners for practically everything that is manufactured: trains, ships, automobiles, snowmobiles, baby carriages, bridges, refineries, skyscrapers, machinery — just to name a few.



*Fasteners help hold the industrial world together. ▲*

## Fourdrinier Fabric

Fourdrinier fabric in metallic and synthetic forms are consumed in vast quantities by virtually all of the world's high speed paper machines. Newsprint, magazine paper, packaging materials and boxboard are among the products that are formed on Fourdrinier fabrics.



*Paper machines use Fourdrinier fabric. ▲*





One of the world's largest bolt makers in operation.▲

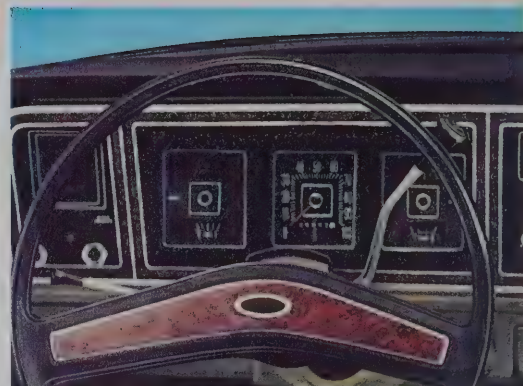


Synthetic Fourdrinier fabric being woven.▲



# Machined Parts

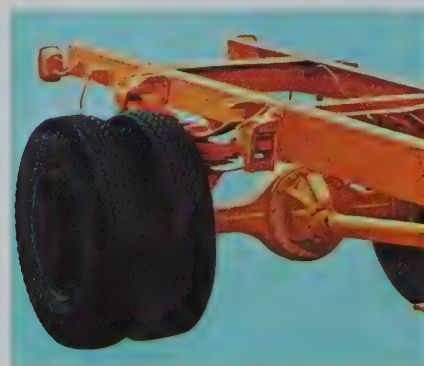
Machined parts are an important element in your Company's growing role as a large volume supplier of high quality specialty products to other industries. Heavy construction equipment, farm machinery, automotive, marine, defense, and machinery manufacturers are among the industries for which the Ivaco Group supplies precision parts. They include steering gears, pumps, transmission chassis, parts for machine tools, just to name a few.



*Typical users of precision machined parts.▲*

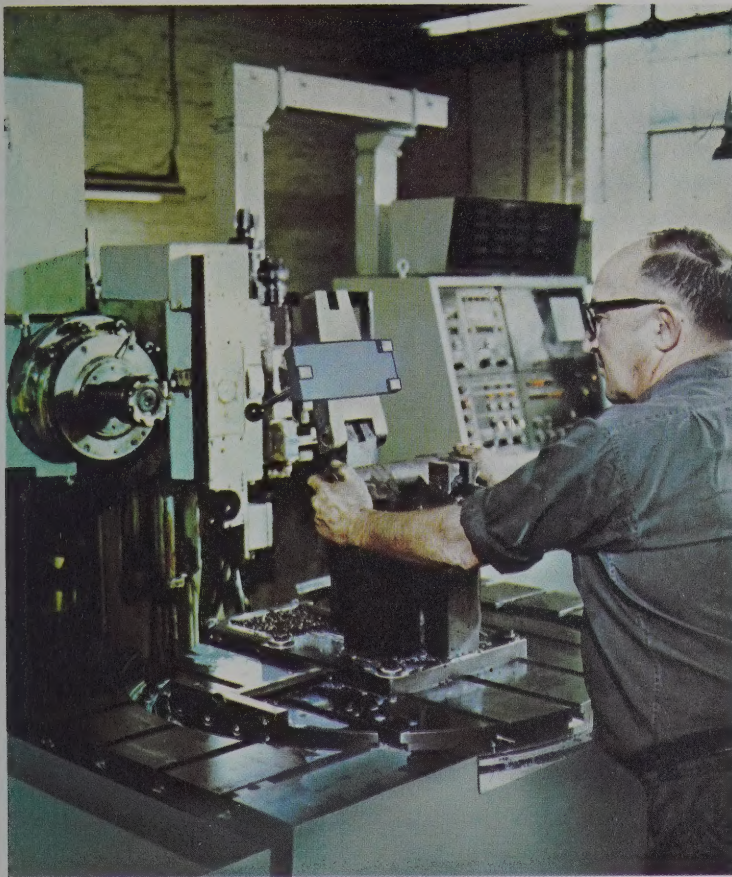
# Axles and Suspension Systems

Axles and suspension systems are used in the manufacture of trucks, trailers, and other transportation products. Heavy axles for truck transports and our patented "Sup-R-Ride" light axles have earned great market acceptance and are used extensively by leading manufacturers throughout North America.



*Axles and suspension systems for various forms of transport.▲*

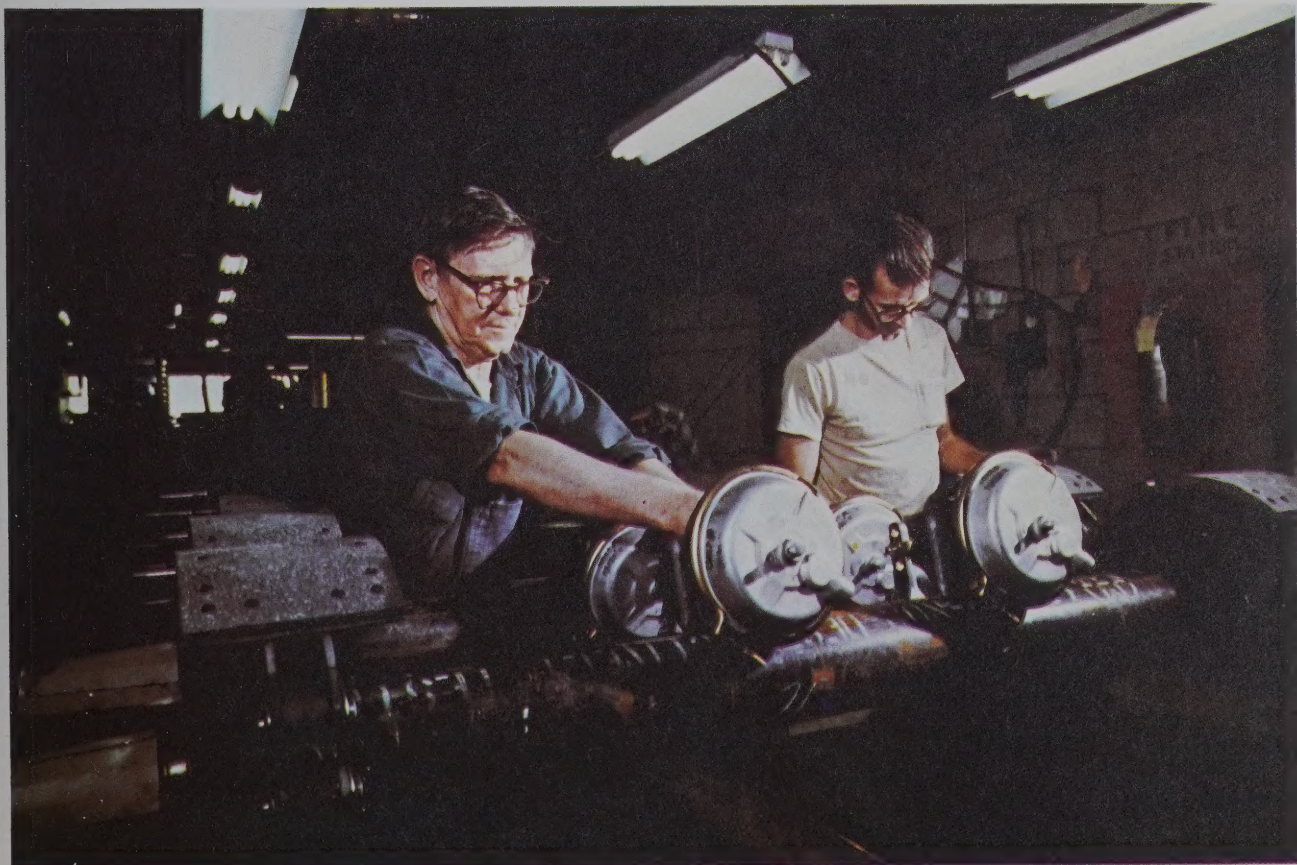




*Precision machining by computer control.▲*



*Machined parts in volume production.▲*



*Assembly of heavy duty axles.▲*





IVACO INDUSTRIES LIMITED  
AND SUBSIDIARY COMPANIES

**FIVE YEAR FINANCIAL SUMMARY**

(thousands of dollars)

(Note 1)

**EARNINGS**

	<u>1974</u>	<u>1973</u>	<u>1972</u>	<u>1971</u>	<u>1970</u>
Net sales	<b>\$150,734</b>	90,183	53,949	43,242	38,517
Depreciation	<b>\$ 2,921</b>	2,131	1,364	1,040	922
Provision for income taxes	<b>\$ 16,537</b>	5,780	4,146	3,714	3,240
Net earnings	<b>\$ 20,438</b>	8,084	4,618	3,680	2,958
Net earnings per common share (Note 2)	<b>\$ 2.37</b>	0.98	0.61	0.52	0.43
Net earnings — percent of sales	<b>13.6%</b>	9.0%	8.6%	8.5%	7.7%

**FINANCIAL POSITION**

Current assets	<b>\$ 76,777</b>	44,048	35,263	28,125	24,258
Current liabilities	<b>\$ 45,911</b>	25,644	22,152	18,447	16,828
Working capital	<b>\$ 30,866</b>	18,404	13,111	9,678	7,430
Expenditure for plant and equipment	<b>\$ 32,360</b>	14,619	6,932	8,303	4,037
Long term liabilities	<b>\$ 29,846</b>	18,558	14,737	7,160	4,961
Shareholders' equity	<b>\$ 67,343</b>	48,067	26,486	21,847	17,199

**NOTES**

1. Representing on a retroactive basis the results of all subsidiaries excepting The Niagara Wire Weaving Company, Limited for which results are included from June 1, 1973, the date of consolidation.  
Reflects retroactively the 2 for 1 stock split on July 3, 1973.



Si vous désirez recevoir un exemplaire français de ce rapport  
veuillez en aviser le Secrétaire de la Compagnie en écrivant à  
Les Industries Ivaco Limitée  
800, rue Ouellette, Mariville, Québec.

